

## **Value Chain Workshop Summary: Enhancing the Economic Value of Vermont's Woodlands**

Wednesday, April 1, 2015, 9:00 am – 1:00 pm

Three Stallion Inn, Randolph, Vermont

### **Participants**

#### **Facilitators:**

Shanna Ratner and Melissa Levy, Yellow Wood Associates

#### **WLEB:**

Jared Duval

Paul Frederick

Chelsea Bardot Lewis

Lauren Masseria

Joe Nelson

Kathleen Wanner

#### **Invited Participants:**

Elise Tillinghast, Northern Woodlands

Dan Kilborn, Vermont Land Trust

Marshall Webb, Shelburne Farms

Ian Hartman, VT Farm and Forest Viability Program

Joel Currier, Currier Farms

Sarah Downes, Cold Hollow Career Center

Carl Powden, Vermont Land Trust

Lisa Sausville, Vermont Coverts

Lucas Jenson, The TreeHouse Hardwoods and Millshop

Chris Castano, Champlain Hardwoods

Ken Gagnon, Gagnon Lumber

Rocky Bunnell, Logger

Sean Ross, Lyme Timber

Chris Fife, Plum Creek

Nancy Patch, Vermont Dept. of Forest, Parks and Recreation

Andy Wood, VACC/VEDA

Patricia Ayres Crawford, Trust for Public Land

Put Blodgett, Vermont Woodlands Association

## Opportunity Selection


The top two opportunities from the previous three value chain workshops were presented and described. The group selected four of the six to examine in greater depth at this workshop. The two opportunities that were not examined by this group were: 1) Local engineered wood products for use in residential and commercial construction (from the construction value chain workshop) and 2) Create and consistently supply ultra-high quality wood chips, wood pellets, and firewood (from the wood energy value chain workshop).

## Value Chain Analysis by Opportunity

### Reach Out to Consumers with a Unified Message about Wood Energy Based on What Is Important to Consumers

The opportunity is to expand the use of wood for energy, particularly thermal. This is already part of Vermont’s policy to increase our use of renewables. The unified message about wood energy includes benefits of keeping forests as forests, cutting trees to cultivate forests, positive impacts on the local economy, reliability of supply of product, price stability, positive environmental impact, and local pride.

The group that worked on how to align the value chain to support a unified message about wood energy identified the following functions that needed to address demand. The functions with a (T) are primarily transactional player functions and those with an (S) are primarily supporting player functions. They are arranged in approximate order from consumer to raw materials. The gaps are in bold.

- 
- **Raise public awareness of the “good” including cultural, social, environmental and economic benefits of heating with wood (T) & (S)**
  - **Enact policies and programs that remove polluting wood appliances from the landscape (S)**
  - **Improve transparency and communication throughout the chain about demand trends and opportunities (T)**
  - **Coordination for reliable supply (T)**
  - **Willingness and ability to pay competitive prices for raw materials (competition from pulp markets) (T)**
  - **Bring together group to work with communities that are considering community systems (T)**
  - **Increase in-state pellet processing capacity (T)**
  - **Increase low grade wood markets in southern Vermont (T)**
  - **Increase efficiencies throughout the chain through increased collaboration and consolidation (T) & (S)**
  - **Increase trucking efficiencies (T)**
  - **Train loggers as service providers to landowners helping landowners meet their goals, not just tree harvesters (S)**
  - **Provide loggers and foresters with landowner communication materials with unified message (S)**
  - **Make the connection between community systems and local loggers and landowners (T)**



- **Provide a clearinghouse of information on availability of raw materials (T)**
- **Coordinate harvesting for wood chips (T)**
- **Advertise to landowners (using the unified message) (T)**
- **Provide demonstration sites for landowners to visit that show how harvesting low end products is good for the forest and compatible with other landowner goals (T)**
- **Build trust between landowners and loggers and use word of mouth to spread (T)**
- **Implement a requirement for landowner training for landowners in current use (S)**
- **Use a notification of harvest system as a communication tool to improve awareness of supply (T) & (S)**
- **Collect information on longer term intentions to harvest and identify inventory kept on the stump (T) & (S)**

### Create Demand for Entry-Level Furniture Products for Younger Customers

The opportunity is to design and manufacture high quality basic furniture (e.g. beds, tables, etc.) at a price point that is affordable for young people that can go on to become lifetime customers of fine furniture makers.

The group that worked on how to align the value chain to support value-added producers of entry-level products identified the following functions that are needed to meet demand. The functions with a (T) are primarily transactional player functions and those with an (S) are primarily supporting player functions. They are arranged in approximate order from consumer to raw materials. The gaps are in bold.




- **Aggregating demand among furniture producers (T)**
- **Inventory held at the mills or closer up the chain to the value-added producers (T)**
- **More lead time in ordering raw materials from mills; a year for popular species (T)**
- **Increase use of less popular species that require less lead time (T)**
- **Statewide (or region-wide) lumber inventory system for Vermont and/or northern forest lumber (T)**
- **Value chain coordination (T) & (S)**

### Make Maple and Local Species a Trend

The opportunity is to create a “buzz” around the use of maple and other local species, including species that are currently underutilized, by better understanding what appeals to consumers about different species and research species characteristics and alternative uses; for example, using the rot resistant qualities of tamarack in outdoor furniture.

The group that worked on the value chain related to making maple and local species a trend identified the following functions needed to make maple and local species a trend. The functions with a (T) are

transactional player functions primarily and those with an (S) are supporting player functions. They are arranged in approximate order from consumers to raw materials. Gaps are in bold.

- 
- **Marketing and Education to consumer (S)**
  - **Figuring out what is attractive to customers about each species (T) & (S)**
  - **Creating stories (T) & (S)**
  - **Retail (T)**
  - **Engaging architects to spec these types of furniture (T)**
  - **Finding opportunities for the consumer to be a co-producer; connecting the product to an experience (T)**
  - **Incentives for choosing local species (T)**
  - **Developing staining for maple (T)**
  - **Apprenticeship opportunities for potential furniture makers to experiment with wood (S)**
  - **Designs using maple and local species (T) & (S)**
  - **Milling to shorter lengths (T)**
  - **Reducing lag time and improving communications throughout the chain (T)**
  - **Improving timing and reducing waste through pre-processing materials (T)**
  - **Managing ownership of material as it moves through the chain (T)**
  - **Faster kiln drying (T)**
  - **Anchor buyer(s) at the lumber level (T)**
  - **Holding inventory (T)**
  - **Aggregating wood inputs (T)**
  - **Data center for information about what is available and who needs what (T) and (S)**
  - **Transporting inventory in Vermont (T)**
  - **Coordination of pick-ups and drop-offs between truckers and logyards (T)**
  - **Logyards, Processing and Mills for other species (T)**
  - **Catalog (link) to wood availability in the Northern Forest; knowing where to source local (T)**
  - **Chain of custody identification for local wood (T) & (S)**
  - **Group certification (to a Vermont standard?) (T) & (S)**
  - **Long-term ordering of raw materials (T)**
  - **Equipment suppliers (T)**
  - **Technical Training and logger training (S)**
  - **Using consulting foresters to create a raw material inventory with landowners (S)**
  - **Understanding the different ways local species can be utilized (S)**

Some questions, clarifications and additional thoughts that emerged from this discussion include:


- Questions about who would hold inventory, how it would be financed, and how it would be owned as it moves through the chain.

- Need for research on utilization of local species and assumptions about utilization that need to be tested
- Interest in saying that furniture is grown, sourced and manufactured in Vermont.
- Questions about how to get appropriately scaled equipment to an operator on a more affordable basis.
- Need for landowner education on equipment, market demands and forest health.
- Possibility of having consulting forests coordinate with realtors to address the turnover in land.
- For other species like birch, the entire chain beyond truckers is a gap.
- Story is about good stewardship of the land. Need for redundant messaging.
- Scale is a gap.
- Need for communication and relationships across chain.

### Meet Market Demand for Solid Sawn Lumber

The opportunity is to meet market demand for bridges and landscaping, including covered bridges (spruce), ski lodges, rest areas, universities, residential and commercial construction that use solid sawn wood timbers from Vermont.

The group that worked on solid-sawn wood timbers identified the following functions needed to address demand. The functions with a (T) are primarily transactional player functions and those with an (S) are primarily supporting player functions. They are arranged in approximate order from consumer to raw materials. The gaps are in bold.

- 
- **Raise market awareness among out of state clients (T) & (S)**
  - **Target “new” Vermonter, upper middle class and build product demand (T) & (S)**
  - **Connect with demand through architects, engineers, realtors, designers (T) & (S)**
  - Create stories (T) & (S)
  - Transporters to job sites (T)
  - **Aggregation (T)**
  - **Data center for information about what is available and who needs what (T) and (S)**
  - **Enough skilled timber framers to meet demand, especially for larger commercial projects (T)**
  - **Training for landowners, loggers, foresters, timber framers, appraisers, others (S)**
  - **Transporters for large timbers (T)**
  - **Kilns that can handle long material and large material; more kiln operators with appropriate technology and knowledge to dry this material (T)**
  - **Proper grading of timbers to facilitate mixing grades (T)**
  - **Mills with the capacity to handle long and large timbers (T)**
  - **Log aggregation, woodyards with stocks of large timbers (T)**
  - **Standing timber assessment (T)**
  - **Education of landowners, loggers, and foresters to recognize trees with potential (T) & (S)**

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Some clarifications and questions that emerged from this discussion include:

- The cost of timber framing is 20% greater than the cost of a traditional stick built home. The market is relatively upscale – mostly “recent” Vermonters and out-of-staters.
- Solid sawn timbers refer to timbers < 6 x 6; heavy timbers refer to timbers > 8 x 8; anything under 6 x 6 could be kiln dried.
- Grade mix is important.
- Existing regulations around grade are much more of an issue in commercial than in residential markets.
- Are there enough timber framers out there to make use of materials?
- Are existing Vermont companies large enough to take on large commercial projects?
- Need for communication and relationships across chain.
- Connection with architects is key. They will spec the wood.
- Need for a data center that could keep track of what is available and who is seeking what.
- Career centers and technical training is an important support function with both woodland education, sustainability, equipment education etc.
- Landowner cooperative could be important function for education in creating a consistent supply.
- Incentives are needed to hold wood longer to grow longer.

### Attendance by Position(s) in the Value Chain

#### DEMAND PARTNERS

<i>Business/Org</i>	<i>Name</i>
Northern Woodlands	Elise Tillinghast
State of Vermont	Paul Frederick
Champlain Hardwoods	Chris Castano
TreeHouse Hardwoods/Millshop	Lucas Jenson

#### TRANSACTIONAL PARTNERS

<i>Function</i>	<i>Business/Org</i>	<i>Name</i>
	VT Housing and Conservation	
Financing for landowners	Board	Ian Hartman
Financing for landowners	Vermont Land Trust	Carl Powden
Financing for landowners	Vermont Land Trust	Dan Kilborn
Landowner		Put Blodgett
Landowner	Plum Creek	Chris Fife
Landowner	Currier Farms	Joel Currier
Landowner	Lyme Timber	Sean Ross

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Landowner	RJ Turner Co.	Robert Turner
Landowner	Shelburne Farms	Marshall Webb
Landowner	Rocky Bunnell logging	Rocky Bunnell
Landowner	Vermont Land Trust	Carl Powden
Landowner	Vermont Land Trust	Dan Kilborn
Landowner	Gagnon Lumber	Ken Gagnon
Foresters	Upland Forestry	Joe Nelson
Foresters	R. J. Turner Co.	Robert Turner
Loggers	Rocky Bunnell Logging	Rocky Bunnell
Loggers	Currier Farms Logging	Joel Currier
Truckers	Rocky Bunnell Logging	Rocky Bunnell
Truckers	Gagnon Lumber	Ken Gagnon
Processors (mills)	Currier Farms	Joel Currier
Processors (mills)	Gagnon Lumber	Ken Gagnon
Wholesalers/Brokers	Rocky Bunnell Logging	Rocky Bunnell
Wholesalers/Brokers	Champlain hardwoods	Chris Castano

**SUPPORT PARTNERS**

<i>Function</i>	<i>Business / Org</i>	<i>Name</i>
Media	Northern Woodlands	Elise Tillinghast
	Vermont Farm and Forest Viability	
Technical Assistance Providers	Program	Ian Hartman
Technical Assistance Providers	RJ Turner Co.	Robert Turner
Technical Assistance Providers	Cold Hollow Career Center	Sarah Downes
Technical Assistance Providers	WLEB	Joe Nelson
	Vermont Department of Economic	
Technical Assistance Providers	Development	Jared Duval
Technical Assistance Providers	Vermont Land Trust	Carl Powden
	Vermont Agency of Agriculture,	
Technical Assistance Providers	Food and Markets	Lauren Masseria
Technical Assistance Providers	VWA/VWMA	Kathleen Wanner
Technical Assistance Providers	Vermont Coverts	Lisa Sausville
Technical Assistance Providers	Vermont Land Trust	Dan Kilborn
Technical Assistance Providers	Trust for Public Land	Patricia Crawford
	Vermont Department of Economic	
Researchers	Development	Jared Duval

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Regulatory Policy	Vermont Department of Economic Development	Jared Duval
Regulatory Policy	Vermont Agency of Agriculture, Food and Markets	Lauren Masseria
Regulatory Policy	Vermont Forest Parks and Rec	Paul Frederick
Regulatory Policy	Vermont Forest Parks and Rec.U&M	Nancy Patch
Financers/funders	Vermont Department of Economic Development	Jared Duval
Financers/funders	Trust for Public Land	Patricia Crawford
Financers/Funders	VACC/VEDA	Andy Wood
Educational Institutional Training Providers	Vermont Forest Parks and Rec	Paul Frederick
Educational Institutional Training Providers	Vermont Forest Parks and Rec	Nancy Patch
Educational Institutional Training Providers	Shelburne Farms	Marshall Webb
Land conservation / environmentalists / ecologists	Trust for Public Land	Patricia Crawford
Land conservation / environmentalists / ecologists	Vermont Land Trust	Carl Powden
Land conservation / environmentalists / ecologists	Vermont Land Trust	Dan Kilborn
Land conservation / environmentalists / ecologists	Cold Hollow Career Center	Sarah Downes